

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 AGRE-00 COME-00 TRSE-00 L-03

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 1977

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E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: SEPTEMBER SUGAR NEGOTIATIONS

REF: (A) STATE 198316, (B) BUENOS AIRES 6260

1. AFTER DISCUSSION WITH PIAZZI FROM THE SECRETARIAT OF FOREIGN COMMERCE REF B, SECRETARY FLEMING OF THE MFA CALLED EMBOFF TO DISCUSS FORTHCOMING SUGAR NEGOTIATIONS IN GENEVA. FLEMING'S REACTION TO STRATEGY OUTLINED IN REF A WAS THAT IT WOULD BE DIFFICULT TO DEAL WITH ISSUES CONSECUTIVELY. HE BELIEVED THAT VARIOUS SUBJECTS WOULD HAVE TO FORM PART OF A PACKAGE DEAL, AND IN PARTICULAR THAT THE QUESTION OF PRICE, WHICH IS CRUCIAL FOR THE EXPORTERS, MUST BE DEALT WITH DURING THE FIRST WEEK.

2. FLEMING RAISED A WHOLE SERIES OF TECHNICAL ISSUES WHICH HE WANTED CLARIFIED BEFORE THE GOA DELEGATION DEPARTED FOR THE MEETING. ASKED:

A) WHO WOULD ACTUALLY PAY THE STABILIZATION FEE? THE PRIVATE IMPORTER? THE GOVERNMENT IN THE IMPORTING COUNTRY? IN THE SPECIFIC CASE OF THE U.S., WOULD THE FEE BE FINANCED BY AN IMPORT TARIFF? WHAT EFFECT WOULD FEE HAVE ON ACTUAL PRICE RECEIVED BY EXPORTER OR ON DEMAND
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FOR HIS PRODUCT?

B) UNDER THE U.S. STOCK PROPOSAL, WOULD THE STOCKS INCLUDE NORMAL CARRY-OVER STOCKS OR ONLY AN AMOUNT ABOVE NORMAL CARRY-OVER STOCKS? (IN HIS OPINION, THE STABILIZATION FEE COULD BE REDUCED IF IT WERE USED ONLY TO FINANCE THE SURPLUS.) DID THE U.S. PROPOSAL FOR A STOCK OF

3 MILLION TONS INCLUDE OR EXCLUDE THE EC?

C) WHAT IS THE U.S. VIEW ON EC MEMBERSHIP IN THE ISA?
IF IT BECOMES A MEMBER, SHOULD IT BE TREATED AS AN
EXPORTER OR IMPORTER? WHAT WILL HAPPEN TO THE LOME
AGREEMENT IF THE EC BECOMES A MEMBER OF THE ISA?

D) HOW WILL THE U.S. SUGAR SUPPORT SYSTEM WORK IF
AGREEMENT IS REACHED IN THE ISA - E.G., WHAT WILL BE THE SUPPORT
LEVEL AND EXTERNAL TARIFF? WHO WILL PAY THE DIFFERENCE
BETWEEN THE MARKET AND SUPPORT PRICES, IF LATTER IS
HIGHER? (IS POLICY OUTLINED IN STATE 101510 AND 184710
STILL CURRENT?)

3. WE WOULD APPRECIATE ANY ANSWERS TO ABOVE QUESTIONS
WHICH WE COULD PASS ON TO FLEMING.
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Message Attributes

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